

# FY 2009-10 BUDGET

## BUDGET SECTION SUMMARY

Section Title:

OCCIDENTAL COUNTY SANITATION DISTRICT

### A. Program Description

This budget finances operation, maintenance, and administration of a collection system, a treatment plant, and disposal facilities which serve the Occidental area.

### B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 08-09 Adopted	FY 09-10 Requested	Percent Change	FY 08-09 Adopted	FY 09-10 Requested	Percent Change
Operations	\$683,024	\$809,715	18.55%	\$321,535	\$421,560	31.11%
Bonds #2	100	0	(100.00%)	(1,250)	0	(100.00%)
Construction	1,388,227	125,000	(91.00%)	1,388,227	124,948	(91.00%)
<b>TOTAL:</b>	<b>\$2,071,351</b>	<b>\$934,715</b>	<b>(54.87%)</b>	<b>\$1,708,512</b>	<b>\$546,508</b>	<b>(68.01%)</b>

### C. Staffing Summary

No staffing is allocated to this index.

### D. Workload Summary

Workload Indicator	FY 07-08 Actual	FY 08-09 Budget Estimate	FY 08-09 Revised Estimate	FY 09-10 Projected	Change from FY 08-09 Budget Estimate
Total ESDs	282	282	283	283	0.35%
Total APNs	100	100	100	100	0.00%

### E. Summary of Issues and Significant Changes

The requested rate per ESD for FY 09-10 annual service charges is \$1,400, representing a 9.0% increase from FY 08-09. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 08-09 budget. This revenue change is due to the rate increase.

The Occidental County Sanitation District (Occidental CSD) treatment plant is designed to treat an average daily dry weather flow of up to 50,000 gallons per day to secondary treatment standards. Each year, between October 1 and May 14, treated wastewater from the Occidental CSD is discharged into Dutch Bill Creek. During the balance of the year, treated wastewater is used for irrigation.

***The Occidental County Sanitation District is facing very serious financial and operational difficulties.*** Operating revenue and the Occidental CSD's fund balance are inadequate to support required maintenance, repair, or facility improvements. Without capital upgrades of its facilities and treatment processes, the Occidental CSD's ability to comply with the conditions of its operating permit remains in doubt.

During FY 97-98, the Occidental CSD was faced with a Civil Lawsuit under the Clean Water Act and Administrative Civil Liability (Order No. 97-75) was officially adopted by the North Coast Regional Water Quality Control Board (Regional Board) in August of 1997 as a result of violations. Increased requirements, as a result of this order, for sampling and chemical usage, as well as substantial legal fees for multiple lawsuits, have impacted the Occidental CSD's operational expenses.

In addition to the requirements specified above, Cease and Desist Order No. 97-74 and Time Schedule Order 97-75 required Occidental CSD and Sonoma County Water Agency (SCWA) to address violations at the treatment facility. In response to the orders, two options to upgrade the treatment and reclamation facilities were evaluated, but later abandoned. Based on input from the Regional Board and from the Occidental community, it was determined that a project that addressed the sanitation needs of both Camp Meeker and Occidental represented the best alternative. In February 2002, the Final Environmental Impact Report (EIR) for a joint Camp Meeker and Occidental CSD project was issued.

Cease and Desist Order No. R1-2003-0020 and Time Schedule Order No. R1-2003-0021 were issued in March 2003 and required completion of the project outlined in the EIR in four phases with specific deadlines. Phase I, selecting a governance structure for the new district and submitting a report of waste discharge, was completed by the December 31, 2003 deadline. Phase II included upgrading the existing wastewater treatment plant to tertiary standards and increase the capacity to handle flows from Occidental and Camp Meeker. While Phase II was in the early stages of design, it was determined that the cost of upgrading the treatment plant would be too expensive for the community to afford. The Occidental CSD went back to the Regional Board seeking an extension to the deadlines in order to study further alternatives.

The Regional Board in Cease and Desist Order No. R1-2005-0085 and Time Schedule Order No. R1-2005-0086 extended the delays for completion and interim project and a Capital Improvement Project (CIP) to solve Occidental CSD's regulatory issues. The interim project (an upgrade to the collection system) was completed by December 1, 2007. The CIP, a project to resolve issues at the treatment plant, must be completed by June 30, 2010 in order to comply with order R1-2005-0086. However, the Occidental CSD will not be able to meet this schedule. Without significant amounts of state and federal funding, construction of the CIP project may be infeasible. This has yet to be determined.

Estimated FY 09-10 revenues do not adequately provide the funding necessary for adequate operation and maintenance at this district because of the small rate-payer base and increased water quality testing being required by the North Coast Regional Water Quality Control Board. In the current year, and in recently completed years, the Occidental CSD has had insufficient funds to cover ongoing operational expenses. Charges have been transferred to the Agency's General Fund and have not been recovered from the Occidental CSD.

**F. Summary of Reduction Options**

No reduction options are proposed.

**G. Attachments**

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

**FY 2009-10 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

**Section Title: OCCIDENTAL CSD - OPERATIONS**

**Section/Index No: 651109**

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
--------------------------	--------------------	----------------------	------------	-------------------

**REVENUES:**

**TAXES**

1001 Flat Charges - CY	\$339,265	\$371,280	\$32,015	9.44%
1061 Flat Charges - PY	800	1,000	200	25.00%
1120 Penalties / Costs on Taxes	100	300	200	200.00%
<b>Subtotal Taxes</b>	<b>\$340,165</b>	<b>\$372,580</b>	<b>\$32,415</b>	<b>9.53%</b>

**USE OF MONEY**

1700 Interest on Pooled Cash	\$7,200	\$175	(\$7,025)	(97.57%)
<b>Subtotal Use of Money</b>	<b>\$7,200</b>	<b>\$175</b>	<b>(\$7,025)</b>	<b>(97.57%)</b>

**CHARGES FOR SERVICES**

3400 Sanitation Services	\$14,124	\$15,400	\$1,276	9.03%
<b>Subtotal Charges for Services</b>	<b>\$14,124</b>	<b>\$15,400</b>	<b>\$1,276</b>	<b>9.03%</b>

**RESIDUAL EQUITY TRANSFER**

4880 Ret-Between Entities-BOS	\$0	\$0	\$0	N/A
<b>Subtotal Residual Equity Transfer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>

<b>TOTAL REVENUES</b>	<b>\$361,489</b>	<b>\$388,155</b>	<b>\$26,666</b>	<b>7.38%</b>
-----------------------	------------------	------------------	-----------------	--------------

**EXPENDITURES:**

**SERVICES AND SUPPLIES**

6040 Communications	\$500	\$700	\$200	40.00%
6140 Maintenance - Equipment	10,000	10,000	0	0.00%
6180 Maintenance - Bldgs / Impr	25,000	30,000	5,000	20.00%
6262 Lab Supplies	1,000	1,000	0	0.00%
6512 Testing/Analysis	18,000	40,000	22,000	122.22%
6521 County Services	824	1,000	176	21.36%
6522 District Services	5,000	20,000	15,000	300.00%
6523 District Operations	364,000	380,000	16,000	4.40%
6570 Consultant Services	13,000	14,690	1,690	13.00%
6573 Administration Costs	3,000	3,000	0	0.00%
6610 Legal Services	1,000	8,000	7,000	700.00%
6629 Fiscal Accounting Services	12,000	12,000	0	0.00%

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
--------------------------	--------------------	----------------------	------------	-------------------

**EXPENDITURES:**

**SERVICES AND SUPPLIES (Contd.)**

6630 Audit / Accounting Services	12,000	12,000	0	0.00%
7206 Equipment Usage Charges	22,000	42,000	20,000	90.91%
7212 Chemicals	40,000	35,000	(5,000)	(12.50%)
7217 State Permits / Fees	2,000	3,000	1,000	50.00%
7247 Water Conservation	20,000	36,000	16,000	80.00%
7320 Utilities	15,000	0	(15,000)	(100.00%)
7394 Power	0	15,000	15,000	N/A
<b>Subtotal Services and Supplies</b>	<b>\$564,324</b>	<b>\$663,390</b>	<b>\$99,066</b>	<b>17.55%</b>

**OTHER CHARGES**

7980 Depreciation	\$116,700	\$144,325	\$27,625	23.67%
<b>Subtotal Other Charges</b>	<b>\$116,700</b>	<b>\$144,325</b>	<b>\$27,625</b>	<b>23.67%</b>

**APPROPRIATIONS FOR CONT**

9000 Approp for Contingencies	\$2,000	\$2,000	\$0	0.00%
<b>Subtotal Approp for Contingencies</b>	<b>\$2,000</b>	<b>\$2,000</b>	<b>\$0</b>	<b>0.00%</b>

<b>TOTAL EXPENDITURES</b>	<b>\$683,024</b>	<b>\$809,715</b>	<b>\$126,691</b>	<b>18.55%</b>
---------------------------	------------------	------------------	------------------	---------------

<b>TOTAL NET COST</b>	<b>\$321,535</b>	<b>\$421,560</b>	<b>\$100,025</b>	<b>31.11%</b>
<i>(Expenditures Minus Revenues)</i>				

**FY 2009-10 BUDGET**  
**CHARACTER JUSTIFICATION**

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Occidental CSD - Operations

Character Title: Taxes

Character No.: 651109-10

**1001 Flat Charges - CY**

Flat charge revenue from annual service charges is expected to increase from the adopted FY 08-09 budget. The rate will increase 9.0% from \$1,284 to \$1,400.

ESDs times annual rate:	272 x \$1,400	\$380,800
Less Estimated Delinquency Factor:	2.5%	(9,520)
		<hr/>
		\$371,280

(See SubObject 3400 for Total ESDs)

**1061 Flat Charges - PY**

This item records the estimated delinquent amount of prior years sewer service charges.

**1120 Penalties / Costs on Taxes**

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 651109-17

**1700 Interest on Pooled Cash**

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$10,000
Projected Interest Rate	1.75%
	<hr/>
Projected/Planned Interest on Pooled Cash	\$175

Character Title: Charges for Services

Character No.: 651109-30

**3400 Sanitation Services**

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year.

Based on projected FY 09-10 ESDs, the District will experience an increase in revenue from invoiced entities. The budgeted revenue reflects an increase in the annual sewer service charge from \$1,284 to \$1,400.

ESDs x Annual Charge	11 x \$1,400	=	\$15,400
----------------------	--------------	---	----------

Character Title: Residual Equity Transfer

Character No.: 651109-48

**4880 Ret-Between Equity-BOS**

No revenue will be received for FY 09-10.

Character Title: Services and Supplies

Character No.: 651109-60

**6040 Communications**

This account records expenses paid by the District for outside communication and wireless services.

**6140 Maintenance - Equipment**

This account records the costs for routine maintenance of equipment.

**6180 Maintenance - Bldgs / Impr**

This account records the cost of parts and materials required to maintain the treatment plant and collection system.

**6262 Laboratory Supplies**

This account records the cost of lab supplies required for testing and monitoring wastewater.

**6512 Testing and Analysis**

This account records expenses incurred to comply with all regulatory testing requirements.

**6521 County Services**

This item records the expense of agenda services for FY 09-10. Based on FY 08-09 charges this service has increased.

**6522 District Services**

This account records the service and supply type items associated with operations and maintenance of the District's facilities.

**6523 District Operations**

This account records the cost of labor and overhead associated with operations and maintenance of the District's facilities.

**6570 Consultant Services**

This account records the costs of services provided by ZSI \$10,000 project 7231-05 and Arc Flash Study \$4,690 project 7176-03.

**6573 Administration Costs**

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

**6610 Legal Services**

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required. Due to the uncertainty of continuing ACL related issues, the amount required in this account is extremely difficult to predict.

**6629 Fiscal Accounting Services**

This item records the direct charge for services provided by the Fiscal Services Section of the County Auditor Controller's Office for staff costs attributed to District's accounting.

**6630 Audit / Accounting Services**

This account represents the cost of accounting and audit services provided by an outside certified public accounting services.

**7206 Equipment Usage Charges**

This item is requested to provide funds for equipment usage.

**7212 Chemicals**

This account records the cost of chemicals required for operation of the treatment plant. The requested amount is considered necessary to meet the discharge requirements of the District's NPDES permit, as required by the State Water Quality Control Board, as well as to meet requirements imposed by the ACL (including the use of sodium bisulfite and caustic soda).

**7217 State Permits / Fees**

This account records the cost of District permits related to NPDES, as mandated by the Regional Water Quality Control Board.

**7247 Water Conservation**

These funds will be used to implement a Water Conservation Program in the district.

**7394 Power**

This account records the cost of utilities such as gas and electricity.

**7980 Depreciation**

Generally Accepted Accounting Principles require that depreciation be expensed each year.

**9000 Appropriations for Contingencies**

This account is normally used to set aside funding for unanticipated expenditures or revenue shortfalls.

**FY 2009-10 BUDGET**  
**STATEMENT OF SPECIAL FUND ACTIVITY**

Department: Sonoma County Water Agency - Sanitation  
 Section: Occidental CSD - Operations  
 Index No.: 651109

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
<b>Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings</b>			
Available for Budgeting (See Detailed Components Below)	\$131,172	\$304,512	\$280,535
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase retained earnings	1,062,702	655,227	388,155
Expenditures - (Decrease) retained earnings	(877,675)	(818,318)	(809,715)
<b>Net Surplus or Deficit</b> - Inc/(Dec) to retained earnings	185,027	(163,091)	(421,560)
<b>Adjustments to Reserves/Encumbrances:</b>			
7980 Depreciation	45,202	134,114	144,325
Post Audit Adjustment Payables	(51,889)	-	-
Change in Encumbrance	(5,000)	5,000	-
<b>Net Adjustment</b> - Increase/(Decrease) to Retained Earnings	(11,687)	139,114	144,325
<b>Undesignated/Unreserved <u>ENDING</u> Retained Earnings</b>			
Available for Budgeting	\$304,512	\$280,535	\$3,300
<b>Total Increase/(Decrease) in Retained Earnings for Fiscal Year</b> <i>(Difference between Beginning and Ending Balance)</i>	\$173,340	(\$23,977)	(\$277,235)
<b><u>Retained Earnings Components at Beginning of FY</u></b>	<b>7/1/07</b>	<b>7/1/08</b>	
Cash	\$143,008	\$367,148	
Other Receivables	1,531	-	
Prepaid Expense	1,139	-	
Accounts Payable	(6,275)	(51,889)	
Encumbrances	-	(5,000)	
Other Current Liabilities	-	-	
Vouchers Payable	(8,231)	(5,747)	
<b>Total Beginning Retained Earnings</b>	<b>\$131,172</b>	<b>\$304,512</b>	



# FY 2009-10 BUDGET

## SUMMARY OF REVENUES AND EXPENDITURES

Section Title: OCCIDENTAL CSD - CONSTRUCTION  
 Section/Index No: 651505

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
<b>REVENUES:</b>				
<u><b>USE OF MONEY</b></u>				
1700 Interest on Pooled Cash	\$0	\$53	\$53	N/A
<b>Subtotal Use of Money</b>	<b>\$0</b>	<b>\$53</b>	<b>\$53</b>	<b>N/A</b>
<u><b>MISCELLANEOUS REVENUE</b></u>				
4102 Donations/Reimbursements	\$0	\$0	\$0	N/A
4303 State Grant	0	0	0	N/A
4304 Federal Grants	0	0	0	N/A
<b>Subtotal Miscellaneous Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<u><b>ADMINISTRATIVE CONTROL ACCOUNT</b></u>				
4200 ENT - LTD Proceeds	\$0	\$0	\$0	N/A
4209 ENT - LTD Proceeds - Clearing	0	0	0	N/A
<b>Subtotal Admin. Control Account</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<u><b>OTHER FINANCING SOURCES</b></u>				
4625 OT - W/in Special Dist - BOS	\$0	\$0	\$0	N/A
<b>Subtotal Other Financing Sources</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<u><b>RESIDUAL EQUITY TRANSFER</b></u>				
4880 Ret-Between Entities-BOS	\$0	\$0	\$0	N/A
<b>Subtotal Residual Equity Transfer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>TOTAL REVENUES</b>	<b>\$0</b>	<b>\$53</b>	<b>\$53</b>	<b>N/A</b>
<b>EXPENDITURES:</b>				
<u><b>OTHER CHARGES</b></u>				
8010 Contribution Non-Co Govt	\$1,383,227	\$0	(\$1,383,227)	(100.00%)
<b>Subtotal Other Charges</b>	<b>\$1,383,227</b>	<b>\$0</b>	<b>(\$1,383,227)</b>	<b>(100.00%)</b>
<u><b>FIXED ASSETS</b></u>				
8510 Building / Improvement	\$5,000	\$125,000	\$120,000	2400.00%
9142 Capital Replacement Program	0	0	\$0	N/A
<b>Subtotal Fixed Assets</b>	<b>\$5,000</b>	<b>\$125,000</b>	<b>\$120,000</b>	<b>2400.00%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$1,388,227</b>	<b>\$125,000</b>	<b>(\$1,263,227)</b>	<b>(91.00%)</b>
<b>TOTAL NET COST</b> (Expenditures Minus Revenues)	<b>\$1,388,227</b>	<b>\$124,948</b>	<b>(\$1,263,280)</b>	<b>(91.00%)</b>

**FY 2009-10 BUDGET**  
**CHARACTER JUSTIFICATION**

**Department - Division:** Sonoma County Water Agency - Sanitation

**Section Title:** Occidental CSD - Construction

**Character Title:** Use of Money

**Character No.:** 651505-17

**1700 Interest on Pooled Cash**

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$3,000
Projected Interest Rate	1.75%
Projected/Planned Interest on Pooled Cash	\$53

**Character Title:** Miscellaneous Revenue

**Character No.:** 651505-40

**4303 State Grants**

No State Grants are anticipated for FY 09-10.

**4304 Federal Grants**

No Federal Grants are anticipated for FY 09-10.

**Character Title:** Administrative Control Account

**Character No.:** 651505-42

**4200 ENT-LTD Proceeds**

No long term proceeds are anticipated for FY 09-10.

**4209 ENT-LTD Proceeds - Clearing**

This is the clearing account for sub-object 4200.

**Character Title:** Other Financing Sources

**Character No.:** 651505-46

**4625 OT - W/in Special Dist - BOS**

There will be no transfer of cash from the Operation Fund to the Construction Fund to finance the Capital Replacement Program for FY 09-10.

**Character Title:** Fixed Assets

**Character No.:** 651505-85

**8510 Buildings / Improvements**

This account is used for expenses associated with facility upgrades or expansion of the wastewater treatment or collection system. The requested funds will provide for preliminary design and CEQA work to construct a reclamation system to eliminate treated wastewater discharge to Dutch Bill Creek.

**9142 Capital Replacement Program**

This account normally reflects expenses associated with replacement of treatment facilities and the sewer collection system. Long-term replacement of existing facilities that are worn out and in disrepair helps to bring the facilities up to current sanitation standards and extends the life of the sanitation infrastructure; however, due to funding shortfalls, no capital replacement projects are planned for the forthcoming year.

# FY 2009-10 BUDGET

## STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Occidental CSD - Construction

Index No.: 651505

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
<b>Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings</b>			
Available for Budgeting (See Detailed Components Below)	(\$149,822)	(\$51,147)	\$128,446
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase retained earnings	3,973,084	202,339	53
Expenditures - (Decrease) retained earnings	(2,305,444)	(22,746)	(125,000)
<b>Net Surplus or Deficit - Inc/(Dec) to retained earnings</b>	<u>1,667,640</u>	<u>179,593</u>	<u>(124,948)</u>
<b>Adjustments to Reserves/Encumbrances:</b>			
Reclass Grant Receivable to Long Term	(1,718,783)	-	-
Post Audit Adjustment-Grant Receivable	100,994	-	-
Change in Encumbrances	48,895	-	-
Capitalized Interest	(71)	-	-
<b>Net Adjustment - Increase/(Decrease) to Retained Earnings</b>	<u>(1,568,965)</u>	<u>-</u>	<u>-</u>
<b>Undesignated/Unreserved <u>ENDING</u> Retained Earnings</b>			
Available for Budgeting	(\$51,147)	\$128,446	\$3,499
<b>Total Increase/(Decrease) in Retained Earnings for Fiscal Year</b> <i>(Difference between Beginning and Ending Balance)</i>	<b>\$98,675</b>	<b>\$179,593</b>	<b>(\$124,948)</b>
<b><u>Retained Earnings Components at Beginning of FY</u></b>	<b><u>7/1/07</u></b>	<b><u>7/1/08</u></b>	
Cash	(\$99,430)	(\$129,125)	
Due from Other Government	-	100,994	
Vouchers Payable	(1,497)	(23,016)	
Encumbrances	(48,895)	-	
Due to SCWA General Fund	-	-	
<b>Total Beginning Retained Earnings</b>	<b>(\$149,822)</b>	<b>(\$51,147)</b>	